

Message Text

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ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 AEC-05 AID-05 CEA-01 CIAE-00

CIEP-01 DODE-00 EB-07 FEAE-00 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-03 PA-01 PRS-01 USIA-06

/099 W

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R 111129Z FEB 75

FM AMEMBASSY KUWAIT

TO USDOC WASHDC

INFO SECSTATE WASHDC 2216

AMEMBASSY ABU DHABI

USINT BAGHDAD

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY PARIS

AMEMBASSY TEHRAN

LIMITED OFFICIAL USE KUWAIT 0691

E.O. 11652: N/A

TAGS: ELTN, EFIN, EIND, KU

SUBJECT: FRENCH AND FRG CAR/TRUCK ASSEMBLY PLANTS STALLED

REF: (A) KUWAIT 0551 (B) KUWAIT 5246

1. EMBOFF TOLD BY FRENCH COMMERCIAL ATTACHE THAT RENAULT'S
PLANS TO ESTABLISH AN AUTO ASSEMBLY PLANT IN KUWAIT ARE FOR ALL
PRACTICAL PURPOSES ENDED. HE CLAIMED, ALTHOUGH NEGOTIATIONS
WERE IN FINAL STAGES, RENAULT BACKED OUT OF DEAL REALIZING
THAT KUWAIT MARKET WAS PROBABLY INSUFFICIENT TO SUPPORT A VIABLE
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OPERATION. HE BELIEVED KHD MAGIRUS TRUCK ASSEMBLY PLANT HAD MET

A SIMILAR FATE.

2. COMMENT: WHILE WE HAVE NOT HAD OPPORTUNITY TO GET KUWAITI SIDE OF STORY, BOTH PROJECTS ALWAYS SEEMED ECONOMICALLY DUBIOUS AND WE ASSUMED RENAULT AND KHDEUTSCH BECAME INVOLVED BECAUSE THEY BELIEVED RELATIONSHIP WITH KUWAITIS WOULD BENEFIT THEM IN OTHER WAYS. IF REPORT ACCURATE IT REPRESENTS YET ANOTHER EXAMPLE OF THE DIFFICULTY KUWAIT HAS FACED IN ATTEMPTING TO LOCATE VIABLE IMPORT SUBSTITUTION AND EXPORT INDUSTRIES HERE. WE DETECT WANING ENTHUSIASM AMONG SOME INDIVIDUALS FOR SUCH VENTURES OUTSIDE THE PETROLEUM SECTOR AND EVEN THERE SOME DOUBTS ARE SURFACING (SEE REF A). INCREASINGLY, ATTEMPTION OF GOK AND KUWAITIS TURNING TO INDUSTRIAL AND COMMERCIAL INVESTMENTS OUTSIDE KUWAIT, ALTHOUGH MANY INDIVIDUALS IN BOTH PRIVATE AND PUBLIC SECOTR STILL HOPE TO SEE, AT LEAST, SOME VIABLE MANUFACTURING ENTERPRISES ESTABLISHED LOCALLY.
STOLTZFUS

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Message Attributes

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Margaret P. Grafeld
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05 JUL 2006

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To: COM
Type: TE
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